

Changes to Section 5(B)(1) and (2) of Chapter 288 if Rule were to limit surcharges by IXC's (see Part IV in Notice of Rulemaking).

B. Recovery of Contributions; Surcharge. Carriers subject to the jurisdiction of the Commission may recover contributions that they make to the MUSF through a surcharge that they impose on their end-user customers subject to the following requirements:

1. Maximum Percentage for Local Exchange Carriers. No surcharge imposed on any intrastate retail service or on any customer by a carrier that offers only local exchange service shall exceed the Revenue Percentage established by the Fund Administrator pursuant to Section 4(E) and (F);

2. Surcharge for Carriers that Provide Interexchange Service.

a. General Rule; Exception. A carrier that provides interexchange service, whether exclusively or in addition to local exchange service, shall not impose any surcharge unless it proves, on a form provided by the Director of Finance, that its contributions to the MUSF exceed the savings in access costs attributable to access rate reductions implemented by rural local exchange carriers in conjunction with obtaining initial or modified universal service funding pursuant to an order issued pursuant to section 3(F).

b. Surcharge Amount If Exception Established. If a carrier that provides interexchange service provides proof that its contributions to the MUSF exceed access cost savings as described in sub-paragraph a, the maximum surcharge that it may impose shall not exceed the Revenue Percentage established by the Fund Administrator pursuant to Section 4(E) and (F) minus the percentage derived from a fraction in which the total amount of access rate reductions implemented pursuant to or in association with orders providing universal service funding to rural local exchange carriers is divided by total intrastate retail revenue for telecommunications services for all carriers that have reported at least \$12,500 in intrastate revenues. The Director of Finance shall issue an order that approves the surcharge percentage calculated pursuant to this sub-paragraph.

c. Recalculation. A carrier that establishes a surcharge pursuant to sub-paragraph b may apply to modify the surcharge each quarter or may elect to retain an approved surcharge for four quarters, but shall reestablish an excess of USF costs in excess of savings pursuant to sub-paragraph a and

recalculate the surcharge pursuant to sub-paragraph b at least once every four quarters.